

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



August 14, 1989

ALL-COUNTY LETTER NO. 89-73

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: ALLOWABLE COSTS OF SERVICE THAT AFFECT IN-HOME
SUPPORTIVE SERVICES (IHSS) CONTRACTS
Reference ACL #88-67

Effective July 1, 1987, the Department of Social Services (DSS), in accordance with Welfare and Institutions Code (WIC) Section 12303(a) and Manual of Policies and Procedures (MPP) Regulations, Division 10, Sections 10-205.2 and 10.205.3, established maximum allowable costs for contracted IHSS. At that time, it was DSS' intent to increase the allowable cost of service in accordance with the Consumer Price Index (CPI) effective July 1, 1988, and each fiscal year thereafter, for contracts that are rebid or renewed. However, to allow for the change of the minimum wage to \$4.25 per hour, DSS recomputed and established a revised allowable cost of service effective July 1, 1988 for each of the 16 contracting Counties in terms of a dollar cost per hour. Effective July 1, 1989, and each year thereafter, the allowable cost of service will be increased in accordance with the California Consumer Price Index, for contracts that are bid or renewed. Any portion of a payment by a County on an IHSS contract in excess of 110% of the allowable cost of service shall not be eligible for matching or reimbursement from State or Federal funds.

The revised allowable cost of service is effective July 1, 1989. Counties that are currently impacted are those who are bidding for new contracts, or who are renewing contracts pursuant to WIC Section 12302.1 with effective start dates of July 1, 1989 or thereafter. Existing contracts that began prior to July 1, 1989 and are in progress, are not impacted by the allowable cost of service until those contracts expire and are rebid or renewed.

The methodology used to compute the revised allowable cost of service is as follows: The July 1, 1988 allowable cost of service was increased by the estimated California Consumers Price Index between Fiscal Year 1988 and FY 1989. In accordance with WIC Section 12303(a), a ten percent allowable increase was added to each County's allowable cost to arrive at a maximum contract cost eligible for State reimbursement.

An example of the computed allowable cost of service is attached.

MPP Section 10-205.5 provides a process whereby Counties may appeal to the Department for an adjustment to the allowable cost determination. The appeal process requires Counties to initiate an appeal by filing with the Department a written request for an adjustment, no later than 15 working days from the mailing date of this All-County Letter. The written appeal must provide documentation that demonstrates extraordinary circumstances affecting the operation of the program within the County, the potential adverse impact of the allowable cost on continuity of services, or the ability to provide efficient and effective management of the program. The appeal must contain the cost requested and specific justification for the difference between the allowable cost and the requested cost.

Once the written appeal has been received, the Department will determine if additional information is necessary. The additional information must be provided by Counties within 10 working days of the date of the Department's notification to the County. Failure of the County to provide additional information within the specified time period, may result in denial of the requested adjustment.

The maximum allowable costs (which include the WIC 10%) have been approved by the Department of Finance for each County and are as follows:

Butte	\$ 8.62
Mendocino	10.11
Nevada	9.10
Riverside	10.42
San Diego	10.11
San Francisco	11.26
San Joaquin	9.21
San Mateo	10.73
Santa Barbara	10.67
Santa Clara	11.48
Santa Cruz	11.55
Stanislaus	8.91
Tehama	9.58
Tulare	9.56
Ventura	9.37

Please address any appeals for adjustment of the allowable cost to me at the following address:

Department of Social Services
744 P Street, Mail Station 17-18
Sacramento, CA 95814

A handwritten signature in cursive script, appearing to read "Loren D. Suter".

LOREN D SUTER
Deputy Director
Adult and Family Services

Attachment

cc: CWDA

Attachment

<u>COUNTY</u>	COMPUTED ALLOWABLE HOURLY <u>COST FY 88/89</u>
Butte	\$7.45
Mendocino	\$8.74
Nevada	\$7.86
Riverside	\$9.00
San Diego	\$8.74
San Francisco	\$9.73
San Joaquin	\$7.96
San Mateo	\$9.27
Santa Barbara	\$9.22
Santa Clara	\$9.92
Santa Cruz	\$9.98
Stanislaus	\$7.70
Tehama	\$8.28
Tulare	\$8.26
Ventura	\$8.10

EXAMPLE: Butte County

Allowable Cost of Service Fiscal Year 1988/89	\$ 7.45
Allowable Increase (CPI Increase 5.2% x \$7.45)	+ \$. <u>39</u>
Allowable Cost of Service Fiscal Year 1989/90	= \$ 7.84
WIC Section 12303(a) 10% Allowable Increase (10% x \$7.84)	+ \$. <u>78</u>
Maximum Allowable Cost of Service with 10% Increase	= \$ 8.62